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Message Text

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PAGE 01 LIMA 04572 102108Z

63
ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 /011 W
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O 102040Z JUN 74
FM AMEMBASSY LIMA
TO SECSTATE WASHDC IMMEDIATE 452

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FOR ARA-LA/EP - FRECHETTE FROM CHENEY

EO 11652 N/A
TAGS: EIND, PE
SUBJ: RICHARDSON MERREL DISINVESTMENT

REF: MEMCON DATED MAY 28, 1974

1. COULD YOU PLEASE TELEPHONE FRANS T. BAKKER, GENERAL MANAGER FOR PERU, RICHARDSON MERREL, 122 EAST 42ND STREET, NEW YORK 10017, TELEPHONE 212-697-3800 TO INFORM HIM AS FOLLOWS: I SPOKE THIS MORNING WITH ING. GUILLERMO VAN OORDT, DIRECTOR SUPERIOR, MINISTRY OF INDUSTRY, AND EXPLAINED TO HIM GENERAL NATURE OF PROBLEM FACED BY COMPANIES SUCH AS AMERICAN HOME PRODUCTS WHICH HAVE BEEN PLACED UNDER CONSIDERABLE PRESSURE TO DISINVEST BY CESAR SUITO, CHIEF OF THE OFICINA DE REGISTRO Y PROPIEDAD SOCIAL. I EXPLAINED THAT THESE COMPANIES OF COURSE EXPECTED TO CONFORM TO PERUVIAN LAW BUT THAT THE MANAGEMENT DECISION THAT THEY WERE BEING ASKED TO MAKE WAS GRAVE AND THEY CONSEQUENTLY WISHED TO HAVE THE REQUEST IN WRITING.THEY BELIEVED THE ORAL EXPLANATION GIVEN THEM IN-
SUFFICIENTLY EXPLICIT AND WISHED TO BE ASSURED THAT PGGBR # INDEED CONSISTENT WITH PERUVIAN GOVERNMENT POLICY.

2. VAN ORRDT RESPONDED THAT IN GENERAL THE MINISTRY BELIEVED THAT FOREIGN COMPANIES WHICH MARKET LOCALLY MADE PRODUCTS WHICH THEY DO NOT MANUFACTURE THEMSES SHOULD BE ASKED TO DISINVEST AND THAT THEIR REMITTANCES SHOULD
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BE CONFINED TO ROYALTY PAYMENTS. HOWEVER, HE SAID, THE

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MATTER IS STILL UNDER STUDY AND THE MINISTRY HAS NOT YET
DECIDED PRECISELY HOW TO PROCEED. HE SAID HE COULD QUITE
UNDERSTAND THE CONCERN OF U.S. FIRMS IN HAVING SUCH A
MATTER IN WRITING, AND THAT WHEN A DECISION HAD BEEN MADE,
HE COULD ASSURE ME IT WOULD BE PLACED IN WRITING. HE SAID
HE WOULD CONFER WITH DIRECTOR GENRAL OF INDUSTRY JAIME
MONTOYA NEXT WEEK (MONTOYA IS PRESENTLY OUT OF PERU) TO
DETERMINE WHAT THE COMPANIES HAD BEEN TOLD. I ASKED HIM
IF IN THE MEANTIME IT OULD BE CORRECT FOR ME TO ADVISE
U.S. COMPANIES THEY NEED NOT ACT UNTIL THE POLICY WAS FINALLY
ESTABLISHED AND THEY WERE NOTIFIED IN WRITING.
HE ASSURED ME I COULD DO SO.

3. YOU COULD ALSO TELL BAKKER THAT I GAINED IMPRESSION
THAT VAN OORDT THOUGHT THAT SUITO HAD GONE TOO FAR AND
THAT VAN OORDT HIMSELF WAS MOST UNDERSTANDING OF THE
POSITION IN WHICH COMPANIES SUCH AS RICHARDSON MERREL
HAD BEEN PLACED. NEVERTHELESS, DESPITE VAN OORDT'S
ASSURANCE, THE SITUATION REMAINS DELICATE AND BAKKER WILL
HAVE TO MOVE CAREFULLY TO AVOID ENTANGLEMENT IN WHAT COULD
BE A BUREAUCRATIC DIFFERENCE OF OPINION WITHIN THE MINISTRY.
YOU CAN REASSURE BAKKER WE DISCUSSED MATTER "GENERICALLY"
WITH SPECIFIC REFERENCE TO NO U.S. COMPANY EXCEPT AMERICAN
HOME PRODUCTS.
DEAN

NOTE BY OCT: # AS RECEIVED.

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